

House Study Bill 140 - Introduced

HOUSE FILE _____

BY (PROPOSED COMMITTEE ON
STATE GOVERNMENT BILL BY
CHAIRPERSON COWNIE)

A BILL FOR

1 An Act relating to the assignment of debts placed with the
2 centralized collection unit of the department of revenue to
3 a private debt collection designee.

4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 421.17, Code 2011, is amended by adding
2 the following new subsection:

3 NEW SUBSECTION. 27A. To implement the private debt
4 collection program established in section 421.17C.

5 Sec. 2. NEW SECTION. **421.17C Private debt collection**
6 **program.**

7 1. When used in this section, unless the context otherwise
8 requires:

9 a. "Debt" means any indebtedness owed to the state by a
10 person, corporation, or other entity, or any indebtedness
11 owed to a local government entity if such indebtedness has
12 been transferred to the centralized collection unit of the
13 department of revenue pursuant to procedures established under
14 section 421.17, subsection 27. "Debt" does not include "court
15 debt" as defined in section 602.8107.

16 b. "Department" means the department of revenue.

17 c. "Director" means the director of revenue.

18 d. "State" means any board, commission, or department of the
19 state, and any other entity reported in the Iowa comprehensive
20 annual financial report.

21 2. The director shall establish a program to assign debt to
22 a private collection designee upon the placement of the debt
23 with the centralized collection unit of the department.

24 a. The program shall apply to all debt on the books of the
25 centralized collection unit on or after the effective date of
26 this Act.

27 b. The department shall enter into a contract with a
28 private debt collection designee by September 1, 2011, and the
29 department shall commence assignment of the debt to a private
30 debt collection designee no later than November 1, 2011.

31 c. Prior to entering into a contract with a private debt
32 collection designee, the department shall solicit requests for
33 proposals.

34 d. The department shall provide for the assessment of a
35 collection fee of up to twenty-five percent of the amount of

1 the debt being collected under the program that is attributable
2 to a debtor. The collection fee as calculated shall be added
3 to the amount of the debt owed by the debtor and shall be owed
4 by and collected from the debtor. The collection fee shall be
5 used to compensate the private debt collection designee.

6 e. The confidentiality provisions of sections 422.20 and
7 422.72 do not apply to tax information assigned to a private
8 collection designee under the program.

9 f. The centralized computer data bank established in section
10 421.17, subsection 27, shall be made available to the private
11 debt collection designee.

12 g. The department's existing right regarding setoff from
13 income tax refunds or other accounts payable by the state shall
14 not be impaired by this program.

15 EXPLANATION

16 This bill relates to the assignment of debts placed with the
17 centralized collection unit of the department of revenue to a
18 private debt collection designee.

19 The bill requires the director of revenue to establish a
20 program to assign debt placed with the centralized collection
21 unit to a private collection designee for further collection
22 efforts, upon the placement of such debt with the unit.

23 The bill defines "debt" to mean any indebtedness owed
24 to the state by a person, corporation, or other entity,
25 any indebtedness owed to a local government entity, if such
26 indebtedness has been transferred to the centralized collection
27 unit pursuant to procedures established under Code section
28 421.17, subsection 27. The term "debt" under the bill does not
29 include "court debt" as defined in Code section 602.8107.

30 The bill provides that the program applies to all eligible
31 debt on the books of the centralized collection unit on or
32 after the effective date of the bill.

33 The bill requires the department of revenue to solicit
34 requests for proposals from private debt collection designees.

35 The bill requires that the department of revenue enter into

1 a contract with a private debt collection designee by September
2 1, 2011, and commence with assigning the debt to the private
3 debt collection designee no later than November 1, 2011.

4 The bill requires the department to provide for a collection
5 fee no greater than 25 percent of the amount of the debt
6 being collected under the program that is attributable to a
7 debtor. The collection fee as calculated shall be added to the
8 amount of the debt owed by the debtor and shall be owed by and
9 collected from the debtor. The collection fee shall be used to
10 compensate the private debt collection designee.

11 Under the bill, the confidentiality provisions of Code
12 sections 422.20 and 422.72 do not apply to tax information
13 assigned to a private collection designee.

14 The bill also requires the centralized computer data bank
15 established in Code section 421.17, subsection 27, to be made
16 available to the private debt collection designee.

17 The bill does not impair the ability of the department
18 of revenue regarding setoff from income tax refunds or other
19 accounts payable by the state.